DOCUMENT RESUME

ED 273 052 EA 018 800

AUTHOR Jennings, John F.
TITLE Improving American Schools: A National Perspective.
PUB DATE 16 Feb 86
NOTE 31p.; Paper presented at the Annual Meeting of the National Association of Secondary School Principals (Orlando, FL, February 14-18, 1986).
PUB TYPE Viewpoints (120) -- Speeches/Conference Papers (150)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Educational Economics; Educational Finance; Educational History; Educational Vouchers; Elementary Secondary Education; *Federal Aid; Federal Government; *Federal Legislation; Government Role; *Politics of Education; Postsecondary Education; Tax Credits; Tuition
IDENTIFIERS Gramm Rudman Hollings Balanced Budget Amendment; *Reagan Administration

ABSTRACT

Although the amount of federal aid available directly to secondary schools is small, cutbacks in federal aid can have a significant impact on secondary education because several direct aid programs receiving major funding from federal sources affect secondary education indirectly. All education is also affected by federal tax deductions for state and local taxes, an indirect form of aid providing three times as much support for education as direct federal aid. In 1986 the Reagan Administration proposed eliminating these deductions and reducing direct federal spending on education by 15 percent. The proposed reduction in the federal budget for education continues a 5-year trend. The recently enacted Gramm-Rudman requirements complicate the picture by requiring substantial cuts from education. The constitutionality of these requirements remains unclear. President Reagan has also proposed using tuition tax credits to shift 400 million dollars to private schools and using Chapter 1 moneys to support a voucher program. A look at the history of education shows the necessity for a continued strong federal role in education, and a look at the current uses and effects of federal aid shows how detrimental cutbacks could be. (PGD)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED273052

NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS
Orlando, Florida - February 16, 1986

"Improving American Schools: A National Perspective"

John F. Jennings
Counsel for Education
Committee on Education and labor
U.S. House of Representatives

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

X This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

John F. Jennings

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

EA 018 800

NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS
Orlando, Florida - February 16, 1986

"Improving American Schools: A National Perspective"

John F. Jennings
Counsel for Education
Committee on Education and labor
U.S. House of Representatives

What I want to talk to you about is why you should be interested in Federal aid to education and what is happening to it now and what may happen to it in the future.

Most of you are high school principals, some middle school principals and junior high school principals. Frequently there aren't very many Federal programs in high schools. Federal aid to education tends to be concentrated in the elementary schools through the Chapter 1 program. And then it tends to be concentrated on postsecondary student aid. So you are in the middle, you are in the desert between Federal aid for elementary school children and Federal aid programs for students attending institutions of higher education. So, why should you be interested in Federal aid to education?

You have to remember that the kids that you get in high schools are the kids who have been prepared in those elementary schools; and if they are not well prepared, especially those who are further behind - who are the objects of the Chapter 1 program's remedial reading and writing assistance, the kids you are going to get in high school are not going to be well prepared.

And you also have to remember that once these kids

leave your schools, if they are going to go to community colleges or go to area vocational schools for technical training or if they are going to go on to higher education, there has to be some financial aid to help those kids to pursue their education.

And so, even though your schools may not have a large amount of Federal aid directly in them, you are directly impacted by how Federal programs affect kids coming in and kids going out.

Federal aid to education, as the Administration likes to say, isn't that large. Since you are going to have Secretary Bennett here in a little while and he works for a Republican Administration, I can put my biases before you by telling you that I work for the Democrats in Congress. Just as with the Secretary, my responsibilities may color my views.

Secretary Bennett will probably say that Federal aid to education is only about 7% of the money available for elementary and secondary education in the country. He will probably also say that, even though the Administration wants to more or less "freeze" elementary and secondary aid, it does propose cut backs in other areas of education, especially student aid and vocational education. Then he may say that this "freeze" and these cutbacks will only amount to a general decline in spending for education from all sources of less than 1% because Federal aid to education constitutes such a small proportion of total spending for

education.

But what the Secretary ignores, is the way Federal aid is structured. The Federal government provides about 90% of the money that is provided at this one end for remedial reading and writing in elementary and secondary schools. Ninety percent of that money is Federal money.

The Federal government also provides at the other end 75% of the money that is available for postsecondary student aid throughout the country. Seventy-five cents on every dollar that is made available for loans and grants for students at institutions of higher education, area vocational schools, community colleges, comes from the Federal government, either directly or indirectly. The guaranteed student loan program is backed by Federal guarantees and payments to banks to make these loans; the Pell grants, and many other types of grant aid, also come from the Federal government.

So it is true that Federal aid is not massive, but Federal aid is concentrated in certain areas to a very high degree; and, therefore, it is very significant in those areas. And, if it is cut in those areas, you will have a very disproportionate effect on what can be done to help further education through those means.

It is not as if every school district and every college throughout the country were going to be cut back by 1%. It is that certain programs and certain purposes are cut more deeply than that. So that is why Federal aid is

important to you.

You do have some Federal aid that is provided in high schools, for instance, in the school lunch program. The Federal government provides about 50% of the money supporting the school lunch program throughout the country. With vocational education the Federal government provides only about 8% or 9% of that aid; but that relatively small amount of funding provides about 80% of the special programs for the disadvantaged and handicapped and the bulk of the funds for beginning new programs.

In other words, even the few Federal programs which are in high schools provide targeted assistance for particular purposes. Consequently, even these few high school programs show that Federal cutbacks severely impact certain areas and are not easily absorbed through the budget of an entire school district.

Now, let's talk about indirect Federal aid to education. Direct aid comes through these programs, such as Chapter 1 and the school lunch program. Tax deductibility, on the other hand, is a hidden type of Federal assistance. It is indirect Federal aid to education.

Tax deductibility says that people who pay State and local taxes for education can deduct the amount of those taxes with all their other State and local taxes on their Federal income tax forms. Well, tax deductibility provides aid to education that is about three times the amount of direct Federal aid that is provided for education. Tax

deductibility means that the Federal government is providing an indirect subsidy through the tax code for every school district in the country because it makes it easier to pass bond issues. It makes it easier to have State and local taxation for education. And, as you know, State and local governments spend the bulk of their tax revenues on education and the Federal government eases that through the tax code.

This indirect Federal support for education is not counted when it is said that the national government provides only 7% of the aid for education from all sources. It is the hidden Federal aid to education.

Or at least it was hidden until last year when the President proposed to eliminate the deductibility provision of the tax code as well as several other provisions encouraging education, such as deductibility for charitable contributions. Then, governors, State legislators, and local school board members descended on Washington to remind the Congress of the importance to education of these provisions of the Federal tax code.

The U.S. House of Representatives listened to these concerns and rejected the President's recommendations when it revised the tax code, but the Administration is still pressing the Senate to delete these sections as it works on its tax bill. So, indirect Federal aid to education is still very much in jeopardy.

Therefore, I think you are spending your time well on

a Sunday afternoon by being concerned with what the Federal government is going to do with all of this - the direct subsidies, as well as indirect subsidies, which are supporting education throughout the country. Now I would like to talk to you about the threat to direct aid to education. This threat is posed by the budget which the the President has just submitted for this upcoming fiscal year.

The President's budget for this next year would cut education in general by 15%. Within that general cut he would make particular cuts in vocational education of almost 50%; he would cut the school lunch program by about 20%; he would cut Federal student aid by about 23%; and then he would make various other cuts. In Federal student aid, about a million and a half fewer loans and grants would be available to students. This aid makes it possible for them to go on to higher education or to vocational training.

So education is cut just like many other social areas in the budget. The same budget raises defense by 12%. So education is cut by 15%, defense is raised by 12%. Also, foreign aid in this budget is raised, especially foreign military aid. There are large increases in some of those areas. And the budget the President has submitted projects a deficit for the year of about $150 billion. Now, how is this different from any of the other budgets that the President has submitted in the last five years?

Frankly, it isn't that different. This President has

never submitted a balanced budget to the Congress as long as he has been in office. He campaigned on this issue, but he has never submitted a balanced budget to the Congress. This budget calling for a $150 billion deficit is no different than every other budget that he has submitted.

It is also no different in trying to cut back on domestic programs and increasing military programs. The President has already achieved very substantial cutbacks in many domestic programs. In education, the Chapter 1 program has been cut in buying power by 24% within the last five years, according to the Library of Congress.

According to a study about Federal aid to education just released last week by the Library of Congress, this cutback means that about 10% fewer children are being served in the Chapter 1 program; about 800,000 fewer students are being served in Chapter 1. Other programs have also been cut.

The school lunch program is serving between two and three million fewer children because that program was cut by about one-third in 1981. Pell grants, which are the primary form of direct grant aid available in colleges and universities, have been cut back severely in their effectiveness. Five years ago Pell grants were paying for about 50% of the cost of a college education; today they are paying for about 25% of the cost of a college education.

Defense spending has gone up within that same time period. While all these contractions have been occurring on

the social side of the budget, defense spending has gone up by about 100% within the last five years. So this budget is basically the same type of budget we have seen from the Administration for the last five years.

The President is being very consistent with what he is trying to do and I think that is one of the things that people find appealing about the President. He is very consistent with his objectives and with what he is trying to achieve.

Now what has happened is that the Congress has usually taken the President's budget and moderated his increases for defense and moderated his decreases in social programs. The President at one time wanted to cut education by 50%. Another time he wanted to cut it by 25%. And then other times he wanted to eliminate this program or that program. And the Congress has usually moderated those cut backs and not given him everything that he has wanted in defense. But overall he has achieved what he has been trying to achieve for the last years, which is shrinking the domestic side of the budget and increasing defense and the foreign aid side of the budget.

Now should we expect the same type of thing this year? Will we get basically the same type of result - the Congress moderating his increases and moderating his decreases? We don't know, because this is the year of Gramm-Rudman and "Gramm-Rudman" will be a phrase that you will get to know very well. It is the fly in the budgetary

ointment this year.

Gramm-Rudman is short-hand for an Act that was signed into law because last year the Congress had to pass a bill which acknowledged that the country has doubled its national debt within five years. In 1980, our national debt was about one trillion dollars and the President campaigned on a platform of showing how high a stack of one dollar bills composing this one trillion dollars would be. I think that he said that it would be a mile and half high if you had single dollar bills.

Well, last year he had to sign a bill that said our national debt was two trillion dollars. Our national debt had doubled within the last five years. A doubling of the national debt, under the most conservative Administration we have had in office since Herbert Hoover.

In order to get this bill through Congress, the Congress attached what it called the Gramm-Rudman proposal to it. And the reason it was attached is that the politicians in Washington feel that they are in a situation of political paralysis.

The paralysis is that the President says that defense has to go up and there will be no tax increase to pay for it. The paralysis from Speaker O'Neill and the Democrats is that they say social security will not be cut. And, since the election in 1984 when the Democratic candidate for President lost 49 States, Mr. O'Neill also says there will be no talk about any tax increase. The Democrats also tend

to be quiet on defense because they don't want to be identified by the President as being anti-patriotic for advocating restraint in spending.

Then you have some people, especially the Republican leadership in the Senate, Senator Dole and Senator Domenici, who are saying that we have to do something, almost anything, about this deficit. These Senators tried to pass a budget resolution last year that called for a moderate increase in defense spending; that called for a moderate tax increase; and called for moderate decreases in social spending. Thay put many of the Republicans in the Senate on record in favor of that attempt to deal with the deficit and then the President disowned it and pulled the rug out from under them by saying: "If you send me any bill like that, I am going to veto it."

So the Republican leadership in the Senate is put in the situation of saying "how can we go out on a limb again and try to moderate everybody, have a moderate tax increase, a moderate defense increase, a moderate social program decrease and not be sawed off on the limb by our own President."

So we were in paralysis in Washington. It was like gridlock in mid-town Manahttan. So out of all that came this Gramm-Rudman proposal.

The Gramm-Rudman proposal says that the annual contribution to the national debt will be eliminated by 1991. What we have been doing has been contributing since

1981 about $200 billion a year to the national debt. That has been the average annual Reagan budget deficit - about $200 billion.

This bill would say that the government will start to have balanced books beginning in 1991 and that our annual contributions to the national debt have to be phased down during a five-year period until we have reached a balanced book situation in terms of what we are bringing in and of what we are spending. And this law calls for these cut backs in a certain specified way.

First of all, about 75% of Federal spending is removed from the table. Those programs either will not be cut, like social security, or they will have very modest cuts, like 1% or 2% for medicare and a number of other programs. Then the law requires that the remaining cuts needed to achieve the specified level of deficit reduction must all come out of that last 25% of Federal spending. Furthermore, these remaining cuts will be distributed 50% from domestic programs and 50% from defense programs.

The amendment also says that these cuts will occur within those areas in an evenhanded fashion so that the President can not phase out the Job Corps while leaving in place Chapter 1. Every domestic program and every defense program will have to be cut across the board in an even-handed way.

Now what does this mean? It is a very confused situation, as many things are. The law calls for these

cutbacks to occur automatically if the President and the Congress cannot agree to an alternative before a specified date to achieve the same budget goals. If there is no such agreement, these cuts are supposed to be done automatically by the President, under directions from the General Accounting Office.

Within the last few days a three-judge panel in Washington has declared this mechanism unconstitutional. This court said that it was unconstitutional for a legislative branch employee, the Comptroller General (the head of the General Accounting Office), to be ordering the President how to make the cuts. And, therefore, the court declared the Gramm-Rudman proposal to be unconstitutional.

The law anticipated that decision because there had been a constitutional debate about whether the Comptroller General's role would be appropriate during the congressional deliberations which occurred while the law was being written. So the law provides for a "fall-back" mechanism. This provision says that these cuts will be put together into a bill containing a certain percentage cut across the board and composed of half domestic and half defense cutbacks. And this package will be given to the Congress and the Congress has to approve or disapprove it on an up or down vote. And then the President has to sign it or veto it. It would become just like a regular law instead of being a back door automatic kind of cutback mechanism.

Now the Supreme Court has to hear this case in April

and it will decide some time in April or May about the constitutionality of the law. But what does that mean in the meantime? What does it mean for education and these other programs?

Well, it means first of all that there will be a cut of 4.3% as of March 1 in Federal aid to education, as well as in all other parts of the domestic budget that are within this "unprotected" 25%. It will also mean that there will be a cut in those portions of the defense budget, which are within the cutable category.

Defense contracts are not subject to cutbacks. In fact, 60% of defense spending is "off the table" because defense contracts comprise that much of defense spending and that area is not subject to cuts. Just the remaining part of defense spending would be cut according to an even percentage.

So education aid should be cut 4.3% beginning March 1. In most Federal programs in education we have what we call advanced funding or forward funding. That means the money is appropriated one year, but it is available the next year.

So this first cut back, the 4.3%, will really take effect for the money that is available July 1, this summer, for this upcoming school year. The Chapter 1 program, vocational education, Federal postsecondary student aid, aid to the handicapped, the education block grant, all the major programs will get their 4.3% cut back on March 1.

Now even though there is this legal challenge, the Congress will probably not try to overturn that 4.3% cut back. I doubt if there will be any falling back from that. There might be, but I doubt it. But then the real fun starts a little bit later.

The second cut back can be any where from between 15% to 30% in each of these Federal programs because it is geared to what the budget deficit is going to be this coming August. If the budget deficit is about $176 billion that means each one of these Federal aid programs will be cut by about 15%. If that budget deficit is $220 billion or higher each of these programs will be cut about 30%. Now that cut would occur for the following school year. It would occur for the school year 1987-88 because again we have advanced funding so the cuts occur in the year after.

I don't know whether that cut will occur or not. If the Supreme Court says that the automatic mechanism is constitutional, that it can stand the test of constitutionality, and if we have a deadlock so that the President will not accept increased taxes, and others will not accept any tampering with domestic programs or military increases, this severe cutback may very well occur. That automatic cutback would kick in on October 1.

If the Supreme Court says that the enforcement mechanism is unconstitutional, then the Congress will have to vote on an order requiring the cutbacks. I don't know what is going to happen if the Congress has to vote on them.

It depends on what people like yourselves say. If nobody says anything, I think those cut backs are going to occur. If people complain and say they don't want these cut backs, I don't think the cut backs will occur.

In other words, those cut backs will be thrown into the political process. Another possibility is that there may be cut backs across the board or there may be uneven cut backs. We don't know. So it is a very murky situation.

If I can recapitulate, this Gramm-Rudman law is very technical; it is a very complicated mechanism. It is hard to talk about it without getting into all these technicalities. But the gist of it, according to Senator Dole, the Republican leader in the Senate, is that unless there is additional tax revenue within the next year, some severe cutbacks are going to occur, in both defense spending and in domestic programs. And those cut backs can be anywhere from between 15% and 30%. That is what Senator Domenici, the Republican chairman of the Senate Budget Committee, it's what Senator Dole, the Republican leader in the Senate, are both saying.

It is as simple as that. If the President holds out against tax increases, he will do so with the hope that he will achieve more defense increases and that he will achieve more shrinking of the domestic side of the budget. Unfortunately, he may also achieve an increase in the national debt. Those results, at least, have been the story of the last five years.

The other two - defense increases and domestic program contraction - seem to be far more important to him than the third - dealing with the national debt. Every year that he holds out he achieves his objectives more, at least the first two.

Now let me talk to you about one other topic, which is tuition vouchers and tuition tax credits. In this same budget where you have a general 15% cut back in education, a 23% cut back in student aid, cut backs in about every other domestic part of the budget, there are also two other items set out.

One item is that the President is proposing that we not collect $400 million in taxes from people who want to send their children to private schools. So here you have every major education program being cut in one way or another, either not getting an increase for inflation or getting an actual cut, and in the same budget he is saying shift $400 million to private schools.

The second item concerns the Chapter 1 program, which is one of the most successful Federal programs we have in education. The President is saying - change that entire program into a voucher program. He would have us give a voucher to a child's parents to send him to a private school. That voucher would pay for tuition in that private school without any accountability at all on the funds. That child would not have to receive any remedial reading and writing, that child would not have to receive any type of

special education for that Federal money. That Federal money would be used purely to move a child from a public school into a private school.

And, at the same time all sorts of administrative burdens are placed on the public schools in terms of when they have to notify parents about the availability of the vouchers and how they have to supervise to make sure that the parents use that money for tuition at the private school. All these burdens on the public school will cause enormous administrative disruption in the Chapter 1 program.

The heart of the problem is that there is a recent U.S. Supreme Court decision regarding the Chapter 1 program which says that it is no longer constitutional to provide public school teachers for instruction on private school premises. This has meant throughout the country that public schools have withdrawn public school teachers from Catholic parochial schools, and other private schools, and are not sending them into those buildings as they have done in the past.

Many of the Catholic schools, especially in the large cities, have lost their Chapter 1 services for this year because of that decision. And there is a great deal of dissatisfaction among Catholic parents and Catholic school administrators with that court decision and with what is happening with their kids.

The Catholic Bishops' Conference, which refused to endorse vouchers a couple of years ago, has just endorsed

the voucher proposal. So, we now have a situation where a proposal which was brushed off the congressional docket three years ago suddenly has a very potent lobby behind it, because some kids are losing benefits when they had those benefits before. Therefore the proposal is being taken much more seriously.

You cannot disregard this voucher proposal this year. The voucher bill could be voted on in one way or another because there is a legitimate grievance where people have lost services and many of them believe there is no way that they are going to get those services back without going to something like this.

So that is the "good news" from Washington.

A major attraction of the President is that he is always able to give an upbeat message. He is able to tell everyone that everything is fine and it will become even better.

Well, from my perspective, which is obviously a politically biased perspective like most others, things are not fine. In fact, I think we are going in exactly the wrong direction. And if I had to put a label on it I would call it "Back Into the Future" the title of that recent movie. If we keep going in this direction, we are going back to the 1930's, 1940's, and 1950's when the rich were well off and they had all the advantages, including private schools, private universities, and the middle class did not have all the advantages that everybody has been presuming

for so long.

That is the clear direction of this whole policy. I admit I come at it with a strong bias, but look at what is in these proposals for private schools, look at what happens with the proposals affecting the tax code, eliminating deductibility of State and local taxes, which will mean that local school districts will have a heck of a time passing bond issues and tax referenda. The tax proposals will mean that the richer school districts will have the money available to them, and the middle class and other school districts will have a heck of a time getting any money. And then look at the way that all the Federal aid to education programs helping children to attend college, helping the poor and the handicapped, look at how much they have been cut back in funding in the last five years.

If you look at the whole trend of these policies, the whole trend is to remove any equity from society and to say in an social Darwinian way: "If you can make it on your own, you are going to make it. If you can't make it on your own, if you can't get to college unless you need a guaranteed loan, if you can't puruse your education unless you have some help, you are not going to get it." And that is really the way I think we are going.

I gave a speech down in New Orleans a couple of days ago and a State Senator from Florida asked me: "Well, isn't it time we just turned these programs back to the States? Don't you think the Federal government has been in this long

enough?"

A major reason some people are saying this is that we are in the hole so much, we are in debt so much at the Federal level. Even though some people disagree, I tend to think that it has been a conscious digging us into the hole so that these programs will be eliminated. But that is something else to talk about at a different time.

What is going to happen if the Federal government does withdraw from education? Maybe that will happen because we have such a debt now. My answer would be three things. Why is the Federal government in education, and what is going to happen if it gets out?

First, if we know anything we should know our history, which has been that the Federal government has been involved in education since before we adopted our present Constitution in 1789. Prior to that, the Northwest Ordinances of 1787 were enacted. These ordinances came about when the mid-west territories from Ohio west wanted to come into the Union; and in these ordinances the Congress existing under the Articles of Confederation placed a limitation that if those terrorities wanted to come into the Union they had to set aside so much land in order to establish public schools.

That was direct Federal, congressional, national interference in local and State events, but nonetheless that precedent was established and then followed for almost every State that came into the Union after that. This has meant

that we now have a public school system in the country for the ordinary people. Prior to that time, all you had were isolated private schools on the eastern seaboard generally for the wealthier people who could send their kids to private schools. The national government directly required that the States establish a system of public schools.

Also, in the middle of the Civil War when we were faced with the Union being rendered asunder and with the national debt mushrooming due to paying for the Union Army, President Lincoln, the first Republican president, signed the Morrill Land-Grant College Act, which set aside Federal land, removed it from sale to pay for the war effort, in order to establish public universities in each State. The Federal government required that that land be set aside for public universities.

That is why today our country has such a wonderful system of public universities and you have people coming from abroad, from all these countries of the world, to go to our colleges and universities. Federal action is not the only reason that these colleges exist, and it is not the only reason we have public schools, but such action was vital to highlighting the importance of education.

If you remember in the 19th century Americans used to go to Germany for higher education. At least those who could afford it. The world comes to the United States now because of our system of higher education. Anybody who thinks that the involvement of the Federal government in

education is not important, doesn't know our history.

If you look back at our history, many times we have had a national crisis and the Federal government has responded to that crisis in some way with efforts to promote education. We had a national crisis right before the first world war when we had great waves of immigrants coming in, many of them without skills. And the national Congress responded by establishing vocational schools, passing the Smith-Hughes Act and establishing vocational education throughout the country as a means for the government to educate these new immigrants so that they could become useful citizens.

During the second world war people were very upset because we had such a high rejection rate, due to their poor health, of the draftees for the armed services. So right after the second world war, the Congress established the National School Lunch Program. That is why you have a lunch program in many of your school buildings. That program was established as a matter of national defense because the nutrition and health of our children was such that we couldn't defend ourselves as well as we should have in the second world war.

If you remember the challenge of Sputnik, the Congress responded by passing the National Defense Education Act. That program provided limited Federal money for science, math and foreign language courses. This funding - however limited - helped to lay the ground work for the

scientific achievements we had in the 60's and 70's - going to the moon and all these other advancements.

The Federal government has come in time after time showing an interest in education, not necessarily as a major partner, not necessarily paying for 50% or 75% of the cost, but nonetheless showing that education is important to us as a democracy. The national government through its actions highlights that importance, gets it into the press and catches public officials' attention.

The governors, State legislators, local county executives have a great deal of pressure on them; they have to respond to highway pressures, to farm pressures, to one thing and another. If you have the Federal government coming in and saying that this is important enough that we should all be spending some time and money on it, it has a ripple effect throughout the whole governmental system. And we are going to lose that if we are going to have a shrinking of this role, a contraction of this Federal role in education.

That is the prime purpose I would say for the Federal government being involved in education. And we are really down to basics with these budget deficits and with the pressures from the President for deep budget cutbacks. We are down to asking the basic question. We are not down to asking whether we should have a 5% cut or a 10% cut; rather, we are down to asking whether you should have any programs at all.

It is this national purpose I would put as the most

important reason for a Federal role in education. The other two reasons for Federal involvement concern equity issues.

First, we have to remember that our country is still not evenly wealthy, as much as we might want it to be. Federal aid to education therefore has generally been fashioned to help more the poorer parts of the country and to help more the poorer parts of States - those areas that are impacted with large numbers of poor people, or with large concentrations of children needing bilingual education, or immigrants or whatever.

In some States and in areas of some States, Federal aid is not that important. In Pennsylvania, for instance, Federal aid is about 3% of the total amount spent on education; but down here in this arc of States right above us - Mississippi, Alabama - all these "deep-South" States, Federal aid is about 12% to 18% of the money they spend on education. And in those States the rural school districts are frequently dirt poor. So Federal aid to education is frequently 20% to 25% of the total spent on schooling because they cannot pay for education out of their local tax bases.

In the big cities of the country Federal aid to education is also very important because these cities educate so many poor children. In general, the big cities receive about 15% of their funds from Washington.

Therefore, when cuts in Federal aid to education occur, everybody does not share evenly. Some districts are

impacted much more than others.

So, in addition to the Federal programs showing that education is important to the Nation as a whole, these Federal programs also serve as an equalizer. This is the fiscal equalizing aspect of Federal aid.

The third reason for Federal aid which I would like to mention has to do with the purposes for which that aid is provided. If you are from an area that has area vocational schools, those area vocational schools came about because in the early 1960's the Congress passed the Vocational Education Act and Appalachian Regional Development Act. Those two acts led to a spreading of Federal funds throughout the country to build area vocational schools and to expand community colleges so that vocational training could be provided in them.

If you are concerned about the educationally disadvantaged, Chapter 1 stands for a national commitment to raise the educational level of those children. And that commitment has produced results since 1965 when that program was begun.

The National Assessment of Educational Progress has found that even though in the last 10 years there has been an evening out or decline in terms of achievement among average students, the students Chapter 1 has been concentrated on - the most disadvantaged, the poorest, the blacks, the minorities, poor whites - those kids have gone up in achievement in the last 10 years. Those children have

gone up and the ordinary students have plateaued or gone down.

The Federal aid in that program has achieved its purpose. If that aid is cut back, imagine the problems you are going to have in your high schools. High schools have problems now but imagine what will happen if we knock out the props from remedial reading and writing programs provided through Chapter 1 in the early elementary grades

I could go on and on. The Federal government provides 75% of the funds provided from all sources for postsecondary student aid. We could eliminate that aid. We could cut it down by 50%. What would happen then is not that all the colleges of the country would shut their doors, but watch who would be able to go to them. How many people can go to college now without a student loan guaranteed by the Federal government, without a Pell grant, without college work-study assistance? Who could go to those colleges?

The Federal goverment provides over 60% of the money available for university research in this country. It is provided from the Defense Department and Federal domestic agencies. We can easily go backwards in terms of supporting such research; and we are going to go backwards fast, I am afraid, with this Gramm-Rudman law. I could go on and on with these different areas of education where the Federal government targets its aid.

Senator Dole and Senator Domenici are correct,

namely, that if there aren't new taxes this deficit reduction law will take effect; and we are going to have those cut backs. You will soon see the effects in your school districts because the first cut resulting from that law took effect on March 1, and that cut was a modest one - much less than could come later.

In conclusion, let me refer to a study that was done by the New York Stock Exchange a couple of years ago. The New York Stock Exchange about 1982 was trying to figure out why we were losing out to the Japanese. Why were we sliding backwards economically and the Japanese were surging ahead; and they looked at all these quality circles and they looked at means of production and they looked at resources. They looked at all of those factors.

It was a group of economists who did the study and what they found was that the Japanese are outdoing us because of the quality of education provided to the average citizen in Japan. Nobody can out-do us when it comes to the gifted. Our society rewards aggression and frequently rewards talent. Our society rewards people who can get ahead because they are brighter and people who can push ahead somehow.

What we have to worry about is the education provided to the ordinary American citizens. This New York Stock Exchange study said that the Japanese are educating their ordinary citizens: The people who are going out into the factories, the people who are going to provide the ordinary

income for that society, fill the ordinary jobs in that society, the basic sinews of that society. These people are being educated better than our people.

That is why they are beating us because we are not paying enough attention to the education of our ordinary people. Now I know the school reform movement is moving fast and there are a number of States that are improving education; but if these Federal cut backs occur, much of this new State aid will be diverted to make up for what is being withdrawn from Federal aid.

The projections are that if the Gramm-Rudman law results in a 15% to 20% cut back, 35 States which now have balanced budgets will go into deficit. It will mean that they will have to either raise their taxes or they will have to cut back on the level of services they provide. The ripple effects will go down through the States to the local school districts. So much of the money that the States are newly providing to improve schools is going to be diverted away from that to pay for some of the things that the Federal government is withdrawing.

It is a foolish proposition. It is a foolish idea to think that we can turn our backs on 200 years of our history and assert that the Federal government should not be interested in and supportive of education. The improvement of education is intrinsic to a democracy, and today it is increasingly important to a nation's economic position in the world.

It is foolish to think that we can knock the props out from supporting education and have no ill effects. Knock them out one by one year after year as has been happening for the last five years. Knock out this program, knock out that support, without ultimately hurting the whole system.

I know that is a bleak message to give you people on such a sunny day; but I hope you become politically active and I don't care if you become Democrats or Republicans or independents. Get in and fight for education because the times of budgetary constrictions are coming from the Federal government and these constrictions are going to be passed down along the line. Unless people like yourselves who are really the local leaders of this country, unless people like yourselves can help change the view that less national support of education will have no ill effects - in fact that it will be beneficial, I am afraid that we are turning backwards and it is not the type of society that I think that that either you or I believe that we should be.